

## CONSULTATION QUESTIONS

### **Section 1**

**Q1) Do you think the Home Report is meeting its original objectives?**

Yes  No

#### **Q1a) If yes, please explain why**

The NLA believes that the Home Report, as currently composed, meets the objective of providing more information in a standardised manner at an earlier stage. However, this does not necessarily mean that it does so in the most appropriate or effective manner.

NLA member landlords are more frequent consumers of Home Reports than the majority of home purchasers, and as a result more sensitive to their flaws.

In particular they cite the expense of the reports and their inaccessibility as a result of length as barriers to making them entirely useful tools for property professionals or owner-occupiers looking to acquire residential property.

Additionally, the risk averse nature and style adopted by those compiling the surveys is frequently referenced as a detracting factor. It is arguable that the reports would serve a more directly relevant purpose if those responsible for their technical composition were both more confident in their assessments and therefore accountable for any future consequences.

However, we are aware that this is likely a criticism which could be levelled more broadly at the surveying industry.

#### **Q1b) If no, please explain why**

Comments

**Q2) Are the original Home Report objectives still appropriate?**

Yes  No

#### **Q2a) If yes, please explain why**

It remains a reasonable policy objective to encourage greater transparency and to expedite negotiations.

However, it should be noted that in a demand driven environment there are circumstances in which this facility can hinder market forces as a 'market valuation' is presented to readers.

Furthermore, it would be beneficial to require a rental valuation.

At present this field is commonly left blank, necessitating an additional valuation in respect of landlord buyers. As this cannot be updated after the fact it represents an unnecessary cost and delay.

**Q2b) If no, please explain why**

Comments

**Q3) Should the Home Report play a more central role in promoting energy efficiency and property condition improvements among home owners?**

Yes  No

**Q3a) If yes, please explain why**

**Q3b) If no, please explain why**

The NLA promotes greater transparency and awareness of the energy efficiency of housing stock. However, we see no significant justification for modifying the existing Energy Report.

**Q4) Should a national register of Home Reports be established?**

Yes  No

**Q4a) If yes, please explain why including who should have responsibility for development and maintenance**

Comments

**Q4b) If no, please explain why**

The NLA is not aware of any significant consumer driven demand for such a measure, which would inevitably have cost implications for report providers and therefore those commissioning Home Reports.

## **Section 2**

**Q5) Do you think the upfront cost of Home Reports is preventing potential sellers from putting their property onto the market?**

Yes  No

**Q5a) If yes, please provide details.**

Comments

**Q6) Are you aware of any schemes available (e.g. deferred payment) to help potential sellers to pay for home reports?**

Yes  No

**Q6a) If yes, please provide details**

Comments

**Q7) Are there any issues with the majority of Home Reports being commissioned through selling agents?**

Yes  No

**Q7a) If yes, please explain why**

Although we do not have empirical evidence to suggest there are significant issues in this regard, there are certainly concerns about the influence that a selling agent can have on the objectivity of the report valuer.

It is also possible that competition in the provision of Home Reports is somewhat stymied by sellers' reliance on their respective agents.

**Q7b) If no, please explain why**

Comments

**Q8) Should other organisations be allowed to carry out the Single Survey (including valuation) and/or the Energy Report?**

Yes  No

**Q8a) If yes, what other organisations and why**

Comments

**Q8b) If no, please explain why**

Comments

**Q9) In your experience is the requirement for a home report before marketing a property leading to delays in properties coming onto the market?**

Yes  No

**Q9a) If yes, please outline the implications of this.**

It is likely that the significance of these delays are likely relatively minor. However, the wider concern the NLA has about this requirement is the likelihood that valuations will require revisiting in order to be considered recent enough for lenders to agree finance.

**Q10) Are home reports a useful marketing tool for sellers?**

Yes  No

**Q10a) If yes, please explain why**

The reports can certainly be useful in certain circumstances. However, they are undoubtedly more useful for the buyer than the vendor.

It is likely that they represent greater value for amateur owner occupiers relative to landlords and other property professionals,.

**Q10b) If no, please explain why**

Comments

**Q11) Is the 12 week deadline for marketing a property after completion of a home report appropriate and reasonable?**

Yes  No  Unsure

The NLA recognises the need for relevant and timely valuations, and that there must therefore be a time limit. However, we must note that the cost associated with 'refreshing' valuations after 12 weeks can be burdensome.

**Q11a) If yes, please explain why**

Comments

**Q11b) If no, please explain why**

Comments

**Q12) Is the 28 day provision for removing a property from the market without requiring a new home report appropriate and reasonable?**

Yes  No

**Q12a) If yes, please explain why**

Comments

**Q12b) If no, please explain why**

Comments

**Q13) Are there any issues with potential buyers accessing home reports?**

Yes  No

**Q13a) If yes, please provide an overview and outline the implications of this**

Comments

**Q14) Is this the most appropriate way to enforce home report legislation?**

Yes  No

**Q14a) If no, please explain why and how this could be improved**

Comments

**Q15) What are your views on mortgage lenders' acceptance of home report valuations?**

The most significant issue reported by NLA members in respect of lender acceptance of Home Reports relates to their timeliness. In the majority of cases valuations are rejected if they exceed their acceptability guidelines. In other instances difficulties arise in respect of non-standard or relatively high risk properties.

Beyond these matters difficulties tend to focus on whether the surveyor is on the respective lender's panel of surveyors.

**Q16) Are the re-dress options available to buyers reasonable and appropriate?**

Yes  No

**Q16a) If no, please explain why and how these could be improved**

The redress provided is reasonable, however there remain long-standing issues relating to the statements surveyors are prepared to make in the process of compiling the relevant reports.

It is often very difficult to determine whether a definitive position has been adopted by a surveyor – therefore limiting their liability should a third party deem a report misleading.

**Q17) Do these exceptions need to be amended?**

Yes  No

**Q17a) If yes, please explain what amendments are required and why**

Comments

### **Section 3**

**Q18) Does the single survey element of the home report provide an appropriate and useful level of information?**

Yes  No

**Q18a) If no, please explain why and what information should be removed and/or added**

The intention and required content is perfectly reasonable. However, the NLA has concerns about the accessibility and usability of the information in relation to the way in which it is presented.

We would encourage greater brevity, summary and fewer caveats which appear to serve only to reduce the accountability of the surveyor.

**Q19) Should the repairs categories in the single survey be amended to make them consistent with the categories used in the Scottish House Conditions Survey?**

Yes  No

**Q19a) If yes, please explain why**

There appears to be little consistency in relation to the reporting of condition categories. As such we would welcome a consistent approach based on an understood, objective measure.

However, the NLA is not convinced that the Scottish House Conditions Survey format in its entirety is necessarily the most appropriate option. It may be more beneficial to adapt the existing system to incorporate aspects of other rating systems in order to provide sufficient consistency for the consumer, without providing burdensome additional data.

**Q19b) If no, please explain why**

Comments

**Q20) Is the valuation element of the single survey a useful element of the home report?** Yes  No

There is a value to providing a valuation in the single survey – particularly where this is accepted leveraging purposes. Although this can create additional costs should a property take more than 12 weeks to sell.

However, it is not necessarily useful in high demand markets in which circumstances a value can be volatile and less easily determined. In many respects it can be fairer and more straightforward to allow the market to set values according to demand.

**Q20a) If yes, please explain why**

Comments

**Q20b) If no, please explain why**

Comments

**Q21) Is the information provided in the energy report appropriate and useful?**

Yes  No

The information is appropriate, and can be useful in respect of understanding a property's energy performance and planning future improvements.

However, it is very rarely a motivating factor in terms of landlords acquisitive decisions. This is largely a consequence of the lack of interest down-stream by tenants selecting properties.

**Q21a) If yes, please explain why**

Comments

**Q21b) If no, please explain why**

Comments

**Q22) Is the information provided in the property questionnaire appropriate and useful?** Yes  No

**Q22a) If yes, please explain why**

It is information which would always be required to facilitate property transactions, irrespective of their inclusion in the report.

**Q22b) If no, please explain why**

Comments

**Q23) Should an additional question on land maintenance fees be added to the Property Questionnaire?**

Yes  No

**Q23a) If yes, please explain why**

Comments

**Q23b) If no, please explain why**

Although this can represent necessary information, we would be concerned about adding to the length of the report without modifications to ensure its accessibility is increased.